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2008 Leading Agricultural Sectors for US Export and Investment

Report Categories:

Product Brief

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Report Highlights:

Agricultural marketing specialists compile basic agricultural market information for U.S. exporters about a range of industry and service sectors in Taiwan. The leading agricultural report, updated annually, cover rice, beef, pork, poultry, fresh fruit, dried and frozen fruit, ready-to-use ingredients, cheese, engineered wood, chocolate and other candy, pet food and wine and spirits sectors which represent the best prospects for U.S. exporters.

General Information:

Leading Sectors for U.S. Export and Investment

- Rice
- Beef
- Pork
- Poultry
- Fresh Fruit
- Dried and Frozen Fruit
- Read-to-Use Ingredients
- Cheese
- Engineered Wood
- Chocolate and Other Candy
- Pet Food
- Wine and Spirits

01- Rice (1,000 mt)

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	2005	2006	2007 (Estimated)
Total Market Size	1,200	1,200	1,200
Total Local Production	1,033	1,110	1,014
Total Exports	26	20	20
Total Imports	65	101	147
Imports from the U.S.	21	51	75

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Taiwan ended its long-standing ban on imported rice with its accession to the WTO on January 1, 2002. Currently, rice imports are under Tariff Rate Quota (TRQ) regime. The total annual TRQ quota amounts to 144,720 tons on a brown rice basis (equivalent to 125,906 tons of milled rice). Under the agreement, 65 percent of the rice entered through the public sector while 35 percent is allocated to the private trade. In 2007, Taiwan commenced the Country Specific Quota (SCQ) import regime for public sector import quotas. The U.S. CSQs is 64,634 tons.

For private sector imports, any grain dealer registered with the Taiwan Council of Agriculture can buy quota rights through an auction process. The maximum ceiling price is NT\$23.26/kg and in-quota imports enter duty free. The out-of-quota rate is NT\$45/kg for rice and NT\$49/kg for processed products containing more than 30 percent of rice. These duties are effectively more than 350 percent. As a result, with exception for rice imported for processed for re-exports, no rice entered Taiwan under out TRQ quota tariff rates.

Taiwan imports its public sector rice through selective tendering (normal tenders) and SBS (Simultaneous-Buy-Sell)

tendering. Any local enterprise registered as an importer/exporter at the Bureau of Foreign Trade and registered by COA as a food grain dealer is eligible to participate. Generally a major local rice mill will work together with a foreign rice exporter. Interested parties submit bids to the Central Bank of China, which administers the tender.

Only rice originating from WTO members can enter through this process as long as the commodity meets Taiwan's phyto-sanitary conditions.

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The Simultaneous-Buy-Sell (SBS) tender system was first introduced in 2006. U.S. rice entering Taiwan through the SBS tenders under the CSQ import regime will be introduced into the market while still in good quality condition compared to rice imported under normal tenders which sat in public warehouses for months before being released to the market often with decayed quality which hurt the image of U.S. rice. High quality U.S. rice is finding its niche in Taiwan's rice market, despite continued high trade restrictions. As Taiwan is both a price and quality market, both U.S. branded and specialty rice have potential market niches thru public sector SBS tenders. In 2007, U.S. rice accounted for 51 percent of the import market, and was valued at approximately US\$14.7 million.

Starting in 2006, all rice tenders for public sector imports were allowed to bid on a sub-lot basis of 2,000 tons for traditional tenders and 20 tons for Simultaneous-Buy-Sell (SBS) tenders. This change makes it more competitive for smaller scale U.S. rice millers/suppliers to join in Taiwan rice tenders. Currently, only four or five U.S. rice exporters are active in the Taiwan market.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Prices for private sector import quota rights (TW7020 & TW7049):
<http://www.fas.usda.gov/gainfiles/200801/146293421.pdf>
2. Public Rice Tender Results of 2006 Quota (TW7002):
<http://www.fas.usda.gov/gainfiles/200701/146279932.pdf>
3. Taiwan Grain and Feed Annual (TW7018): <http://www.fas.usda.gov/gainfiles/200704/146280978.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. U.S. Food Taiwan website:
<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov
2. AIT Office of Agricultural Affairs
AgTaipei@fas.usda.gov

02 - Beef (mt)

	2005	2006	2007 (Estimated)
Total Market Size	73,708	79,963	76,150
Total Local Production	6,048	5,626	5,500
Total Exports	0	0	0
Total Imports	67,660	74,337	70,650
Imports from the U.S.	7,041	19,296	18,500

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U.S. beef exported to Taiwan reached a record high in 2006 after the Taiwan market reopened to certain boneless cuts. The 2007 total beef import was expected to decrease slightly from a-year-ago level due to high beef stocks, trade disruptions caused by shipment rejections over bone fragment detections, and the relatively weak economy. Nevertheless, total U.S. beef exports to Taiwan in 2007 might still exceed pre-BSE levels. A strong beef trade is expected with better prospects of economic performance in 2008.

U.S. chilled beef exports to Taiwan are staying strong. According to the Global Trade Atlas, U.S. chilled beef exports to Taiwan through October 2007 exceeded 4,378 metric tons, 48% higher comparing to the same period of 2006, and hold a significant market share of 64%.

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The U.S. beef industry is able to supply large volumes of single “Asian cuts” at prices competitive with New Zealand and Australia. These cuts include boneless rib, chuck and thin meats for ethnic cuisines such as Japanese and Korean, and middle meat items for Western restaurants. The quality of U.S. chilled beef is considered much higher than beef from other countries; hence, it is preferred by consumers and dominates sales and retail space. U.S. chilled beef occupied 64% of the market share in the first 10 months of 2007, accounting for US\$36 million dollars. However, New Zealand and Australia continue to dominate the lower quality, frozen beef exports to Taiwan which are used mostly for food processing and “traditional” beef noodle soup.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. [Record Beef Imports \(TW7005\)](#)

<http://www.fas.usda.gov/gainfiles/200702/146280128.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

2. U.S. Food Taiwan website:

<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office

ATOTaipei@fas.usda.gov

03 - Pork (Carcass wt. equivalent, 1,000 mt)

	2005	2006	2007 (Estimated)
Total Market Size	956	967	906
Total Local Production	911	930	873
Total Exports	0	0	0
Total Imports	45	37	33
Imports from the U.S.	22	21	15

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Taiwan has eliminated its tariff rate quotas on certain pork items including pork bellies and pork variety meats. Under Taiwan's WTO commitments, Special Safeguards (SSG) came into play in 2005. However, they were not triggered in 2007. The growth trend of U.S. pork imports had been held back starting in the summer of 2007 by the close scrutiny of a feed additive, Paylean, which has been commonly used in the production of U.S. pork for many years. Although Taiwan decreased the testing frequency of this compound at the turn of 2008, importers are still hesitant in bringing in U.S. pork until the uncertainty associated with the testing can be removed.

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Although Taiwan pork market is dominated by local production, certain variety meats are in high demand and are undersupplied. By exporting these less-demanded pork muscle meat and variety meat products in the domestic market, U.S. exporters are able to gain better profits.

U.S. valued-added products such as natural pork and processed pork products are highly recognized and accepted in retail and foodservice operations. A couple of U.S. pork and processed meat products have recently entered the Taiwan market and found strong demand in niche food sectors.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. [Hog Producers Squeal Under Cost-Price Squeeze \(TW7015\)](http://www.fas.usda.gov/gainfiles/200703/146280614.pdf)
<http://www.fas.usda.gov/gainfiles/200703/146280614.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. US Food Taiwan website:
<http://www.usfoodtaiwan.org/>

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04- Poultry (Ready to cook, 1,000mt)

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	2005	2006	2007 (Estimated)
Total Market Size	736	766	755
Total Local Production	654	669	706
Total Exports	6	8	9
Total Imports	88	105	58
Imports from the U.S.	84	103	52

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High U.S. poultry prices have softened the demand for U.S. poultry imports in 2007. U.S. poultry product prices rose 18% on average in 2007. U.S. chicken exports to Taiwan fell by 55% in the first 10 months of 2007 over last year's levels. Imports are expected to return to 2006 levels in 2008.

As poultry import volumes were high from 2003-2005, the 2008 SSG trigger volume for chicken wings and legs is set to increase from the 2007 level of 55,367 mt to 84,911 mt. The trigger volume for other chicken cuts will also rise from 3,633 mt to 4,594 mt.

Poultry imports from five States are currently banned entry because of avian influenza concerns. Nevertheless, exports are not much influenced by the AI ban as the banned States are not the primary poultry producing areas.

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U.S. dark meat products still are very competitive to local production. Healthy U.S. export growth is expected to continue for several years as the market adjusts to increasing competition. Significant growth opportunities exist, in particular, for those commercial producers who are able to address importer concerns regarding cut and packaging specifications. Processed food and food service channels are very comfortable using imported poultry, while retailers

are less aggressive due to consumer concerns regarding frozen chicken meat taste and performance. At the present time, the United States is the only significant poultry exporting country with sanitary clearance to import into Taiwan. Competitors (e.g., Brazil and Thailand) are continuing lobbying efforts to open the market to their poultry. While the U.S. currently has a virtual “monopoly” on imported supply, the strong potential for real competition in the coming few years should encourage U.S. suppliers to increase their service and responsiveness to Taiwan importers in order to maintain solid relationships that will be less subject to price-based switching when other suppliers are permitted in. Other factors potentially impacting poultry demand and U.S. export opportunities include domestic concern over avian influenza and the potential success (or not) of marketing imported poultry products through fresh / retail channels.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Annual Report 2007 (TW7001):
<http://www.fas.usda.gov/gainfiles/200612/146269873.pdf>
2. Avian Influenza – An Initial Market Impact Assessment (TW4008):
<http://www.fas.usda.gov/gainfiles/200402/146105548.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. U.S. Food Taiwan website:
<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office
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05- Fresh Fruit (US\$ million)

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	2005	2006	2007 (Estimated)
Total Market Size	2259	2392	1952
Total Local Production	1936	2080	1660
Total Exports	28	34	41
Total Imports	351	346	333
Imports from the U.S.	155	144	141

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In 2007, Taiwan imported approximately US\$141 million worth of fresh fruit. The United States was the major supplier with a 42% market share. The major U.S. export items to Taiwan included peaches (\$40,538,000; 85% market share), apples (\$33,689,000; 32%), cherries (\$31,775,000; 66%), table grapes (\$19,299,000; 62%), plums (\$7,773,000; 75%), oranges (\$2,758,000; 67%), grapefruit (\$736,000; 30%), and pears (\$691,000; 5%). To take this advantage, U.S. suppliers are encouraged to focus on deepening market relationships. Responding to importer priorities will also help retain long-term dominance in high volume fresh fruit categories. Some products such as Fuji apples and cherries have especially strong markets in Taiwan.

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U.S. exporters have also been very successful at introducing new fruit types and varieties to the Taiwan market. The best growth opportunities for U.S. suppliers are in "new-to-market" temperate fruits, of which cherries, strawberries, and blueberries provide positive recent examples. Peripheral varieties of established fruit categories (e.g., the "Dinosaur Egg" plum and flat peach) and fresh fruits not previously sold in quantity in Taiwan (e.g., raspberries and blackberries) also have significant growth potential, both in consumer/retail and food service channels. There are strong growth prospects for niche fruit categories (berries, flat peaches, pluots, etc.). As these products become more widely available, they will enter increasingly mainstream consumption and become more attractively priced for the mass market. There is also the potential for more "new" niche fruits to win high value beachheads in Taiwan as well. The U.S. is the largest (and in some cases only) supplier of fruit in these categories.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Stone Fruit Annual (TW7011)
<http://www.fas.usda.gov/gainfiles/200703/146280458.pdf>
2. Taiwan Fresh Deciduous Fruit Annual (TW7042)
<http://www.fas.usda.gov/gainfiles/200712/146293169.pdf>
3. HRI Food Service Sector (TW6008)
<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>
4. Taiwan Retail Food Sector (TW6015)
<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. US Food Taiwan website:
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06- Dried and Frozen Fruit (US\$ million)

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	2005	2006	2007 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	5	5	5
Total Imports	45	43	45
Imports from the U.S.	12.2	12.5	13.8

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Fruit and berry flavors lead market trends toward new and innovative tastes. Taiwan consumers generally like the taste of dried and frozen fruit and welcome new products. In addition, natural fruit ingredients offer processed food manufacturers new opportunities to tout associated nutrition and health (functional) benefits. Raisins and prunes continue to dominate the dried fruit category, although sales of these products are advancing at a much slower pace than previously because of strong competitors such as China and Argentina.

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U.S. exports of snack fruits such as dried cranberries, mixed dried fruits, and ingredient-ready dried and frozen berries (e.g., blueberries, raspberries, and cranberries) continue to enjoy a steadily increasing share of the overall segment. These products promise to maintain bullish growth through the near future as new flavors work their way into the mainstream prepared food market.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Retail Food Sector (TW6015)
<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>
2. Taiwan Stone Fruit Annual (TW7011)
<http://www.fas.usda.gov/gainfiles/200703/146280458.pdf>
3. Taiwan Fresh Deciduous Fruit Annual (TW7042)
<http://www.fas.usda.gov/gainfiles/200712/146293169.pdf>

4. HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

2. U.S. Food Taiwan website:

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07- Ready-to-use-Ingredients

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Ready-to-use industrial ingredients are scattered amongst various HS Codes, trade data below shows the most promising categories including Cheese (statistic will be provided in the next section), Chocolate/ Cocoa for food preparations and Sauces/Condiment preparations and Coffee.

HS code 1806: Chocolate/cocoa for processing (US\$Million)

	2006	2007 (est.)	2008 (forecast)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	0.98	1.35	1.48
Total Imports	57.6	59.6	61.6
Imports from the U.S.	8.75	8.9	9.05

HS code 2103: Sauces/Condiment preparations (US\$Million)

	2006	2007 (est.)	2008 (forecast)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	25.3	28.3	31
Total Imports	75.5	83.9	89
Imports from the U.S.	5.7	6.4	6.9

HS code 0901: Coffee (Metric Tons)

	2006	2007 (est.)	2008 (forecast)
Total Market Size	10,735	13,154	14,550

Total Local Production	256	452	550
Total Exports	293	408	500
Total Imports	10,772	13,110	14,500
Imports from the U.S.	535	652	700

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Taiwan's general economic malaise of recent years curtailed consumer spending which hit food processors that once enjoyed strong growth with minimal product variety. Increasingly vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. As a result, importer education along with technical/application support is advised in order to ensure a positive processor experience with a new ingredient product.

Imports of cocoa and cocoa mixes are primary used for making chocolates or ice cream. Italy, Japan and USA are the three major suppliers for this category. In 2007, U.S. import of cocoa mixes ranked as Taiwan's number two supplier in terms of import value.

Another example of ready-to-use ingredients is Sauces/Condiment preparations especially tomato ketchup/paste/sauces and mustard flour/meal used to meet the demand of the local food service sectors. Japan, the number one supplier for this category, exports four times more than the United States which ranked number two in 2006.

Taiwan's insatiable demand for coffee continues to grow at a rapid pace. In 2005, Taiwan's consumption increased by 28 percent over 2004. Taiwan's coffee consumption rose another seven percent in 2006. Statistics show that Taiwan once again set record high coffee imports in 2007.

Local coffee production is also on the rise; in 2006, total coffee production was only 387 hectares (harvestable ha.). The production area almost doubled in 2007 with 561 harvestable hectares. Most of the domestic coffee is consumed locally for tourists visiting coffee farms. Official data showed Taiwan coffee exports are also growing.

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Trends that bode well for this category include: 1) the increase in consumption of ice cream and chocolates, along with numerous Western retail chains selling high-end ice cream products including "Big Tom", "Cold Stone", "Hagen Daz", etc., 2) the increasing numbers of people dining out on a regular basis, 3) the continued good growth in demand for coffee and the strong uptick in retail coffee outlets (for example 85°C) have spurred favorable sales of coffee. These chains have contributed to demand for western style food ingredients.

In addition, U.S. suppliers of flavors, nutritional additives, product performance enhancers, and labor saving (pre-processed) industrial ingredients can also expect to find high demand for their products in Taiwan.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

2. HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

2. U.S. Food Taiwan website:

<http://www.usfoodtaiwan.org/>

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1. AIT Agricultural Trade Office

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08- Cheese (US\$ million)

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	2006	2007(Estimated)	2008 (Forecast)
Total Market Size	57	67.2	79
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	57	67.2	79
Imports from the U.S.	6.5	7.8	8.8

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While processed cheeses are still most prevalent, mild-flavored fresh cheeses such as mozzarella, Gouda, and even Parmesan are now increasingly used as flavoring for many traditional and fusion dishes.

Total local consumption of cheese and products in 2007 increased more than 22% by value and 13% by volume compared to 2006. Cheese and products continue to gain increasing acceptance among Taiwan consumers through growing direct consumption and through innovative applications.

U.S. cheese exports to Taiwan are expected to continue steaming along at better than 10% growth each year. In 2006 and 2007 (estimates), U.S. cheese captured 12% market share by value and 11% by volume.

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* Low Per capita cheese consumption

On a per capita basis, cheese consumption in Taiwan (0.74 kg in 2006) is still very small compared to most Western countries including Japan. Cheese has the potential for significant further growth as an ingredient in "fusion" and western-style dishes. U.S. cream cheese has gained recognition by Taiwan bakers through assistance offered by the [Agricultural Trade Office](#) and the [USDEC](#) through trade and retail programs.

* Customer Segmentation

With a large (often Western-educated) middle class, high income levels, and a desire to become more cosmopolitan, urban Taiwan has increasingly embraced Western cuisine and food trends. U.S. cheese products are an important component of this trend.

* Instability in Supply from our Competitors

In the past, relatively high U.S. cheese prices made it difficult for U.S. suppliers to aggressively enter the Taiwan market. However, with the recent instability in supply from New Zealand and Australia and the rising prices from Europe (relative to U.S. dollar), U.S. cheese products are becoming more and more attractive to Taiwan importers.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Dairy Annual (TW7040)

<http://www.fas.usda.gov/gainfiles/200711/146292935.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

2. US Food Taiwan website:

<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office

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D. Other references

1. US Dairy Export Council Home Page

<http://www.usdec.org/>

09- Engineered Wood (US\$ million)

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	2005	2006	2007 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production*	NA	NA	NA
Total Exports **	43	56	53
Total Imports	325	368	400
Imports from the U.S.	12.7	9.6	6

Note: *No official data for local production of engineered wood is available.

**Wood products defined as engineered wood in this sector are under HS Codes 4408 and 4412.

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Demand for higher-end engineered wood products is expected to grow sharply once fire codes are updated to make use of these products feasible. After some delay, these changes are expected to take place in 2008. The current fire code permits developers to construct legally multiple home wood frame developments and should gradually remove the previous reluctance (due to lack of legal framework) of banks to finance such projects and insurance companies to cover residences approved under the new code.

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While the bulk of the engineered wood market consists of low-end plywood and fiber/particle board, changes in construction regulations, government procurement priorities, and consumer attitudes promise to spur interest in high-end engineered wood products such as structural glulam and special-application laminated wood – categories in which U.S. suppliers have particular expertise and competitive advantages.

As the environmental protection issues are escalating, the advantages of using wood as building materials are emphasized by many groups. Wood frame constructions will be a rapidly developing trend once the Taiwan authorities complete fire codes.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Solid Wood Annual (TW7034)

<http://www.fas.usda.gov/gainfiles/200708/146292154.pdf>

2. Fire Tests Close to Completion, Final Step to Complete Wood Building Code (TW5048)

<http://www.fas.usda.gov/gainfiles/200512/146131654.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

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2. U.S. Food Taiwan website:

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10- Chocolate and Other Candy (US\$ million)

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	2005	2006	2007 (Estimated)
Total Market Size	262	241	215
Total Local Production	199	183	162
Total Exports	18	19	18
Total Imports	81	77	71
Imports from the U.S.	6	7	6.5

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Taiwan imported nearly US\$77 million of chocolate and candy products in 2006, a five percent decrease compared with the previous year. Chocolate candy products constitute approximately sixty-one (61) percent of the candy import market. In 2006, Japan was the largest supplier with 21 percent market share, followed by Italy (15 percent), Malaysia (9 percent), the United States (9 percent), and Australia (6 percent). Italy and other EU countries mainly supplied chocolate products. Part of the success of imported candy products from EU and the United States is that they compare favorably to domestic products in both price and quality. The United States used to hold a slightly larger market share than its competitors. However, the entry of major European chocolate product manufacturers as well as lower priced candies from other countries has shifted some market share away from U.S. suppliers. Industry sources estimate reduced local production, imports and exports in 2007 due to a relatively sluggish economy and greater emphasis on healthy foods..

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U.S. candy products are considered competitive in terms of both quality and cost, boosting prospects. The Taiwan candy market has become more mature and consumers are beginning to demand a wider variety of candies. With the long-term increase in the standard of living and an increasing focus on healthy eating, candies that provide a health benefit or that at least do not contribute to weight gain or cavities have the best prospects. Unique flavors and creative

packaging are also key to success in the Taiwan market.

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Retail Food Sector (TW6015)
<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>
2. Candy Product Brief (TW3039)
<http://www.fas.usda.gov/gainfiles/200310/145986511.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. U.S. Food Taiwan website:
<http://www.usfoodtaiwan.org/>

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11- Pet Food (US\$ million)

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	2005	2006	2007 (Estimated)
Total Market Size	70	75	79
Total Local Production (est.) *	13.3	13.0	13.5
Total Exports	0.16	0.12	0.31
Total Imports	57	62	66
Imports from the U.S.	23	26	27

Note: *No official data of local production is available. Data used in this sector is estimated by the major local producers.

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The United States exported an estimated \$26 million worth of pet food to Taiwan in 2006, a 13 percent increase from 2005. Overall, Taiwan imported an estimated US\$62 million worth of pet food in 2006 which is nearly 10 9 percent more than in 2005.

The new requirement in 2001 for a Health Certificate for pet food imports eliminated major competitors such as Thailand, Japan, and the EU from the Taiwan market. However, countries gradually re-entered the market as their plants slowly gained approval to supply products to Taiwan. However, the detection of BSE in the U.S. in December 2003 resulted in a Taiwan ban on the entry of U.S. pet foods, except those solely derived from fish, poultry and dairy. In 2004, Taiwan relaxed pet food import requirements by allowing pet food products that do not contain U.S. ruminant ingredients. In 2006, 18 U.S. pet food facilities regained market access after Taiwan's plant-by-plant visit and approval, coordinated by the U.S. National Pet Food Institute. Currently, out of the countries with disease concerns to Taiwan, four facilities in Canada, four in Japan, four in Australia, five in Thailand, two in Argentina, three in Brazil, and one plant each in France, the Netherlands, Japan, Philippines, and South Korea are approved to export pet food to Taiwan.

Currently, pet food products must comply with the Taiwan Feed Controls Act. This Act, proposed by the legislature and Taiwan Pet Association, has required the authorities to hasten the establishment of pet food regulations, but little progress was reached in the past two years.

Opportunities

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Despite the temporary disruption to U.S. pet food exports, the long-term trend remains competitive but favorable, with U.S. imports enjoying an approximately 41% market share. The growth in the Taiwan pet food market can be attributed mainly to a change in attitude toward animals as household pets and a subsequent shift from feeding table scraps to stray animals to serving specially manufactured pet food to well cared-for pets that are increasingly pedigreed breeds. With rising incomes and rising Western influence, dogs are now a symbol of affluence. Imported pet food maintains a market share of approximately 80 percent, even though retail prices for imported pet foods are higher than locally produced products. Currently, the ratio of dried to canned pet food is 60:40; the ratio of dog to cat food sold is 70:30. Pet food is sold in specialty pet shops, supermarkets, convenience stores, animal hospitals, and by veterinarians. It is estimated that Taiwan has approximately 2,500 pet specialty stores, not including street vendors.

Resources

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Pet Food Report (TW6046)
<http://www.fas.usda.gov/gainfiles/200611/146249608.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
2. US Food Taiwan website:
<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

12- Wine and Spirits (1,000 liter)

Overview

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	2005	2006	2007 (Estimated)
Total Market Size	94,442	93,879	97,012
Total Local Production	54,081	55,790	58,430
Total Exports	3,224	3,589	3,218
Total Imports	43,585	41,678	41,800
Imports from the U.S.	2,844	2,333	1,900

Best Prospects/Services

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The Taiwan market for wine and spirits has roots that run long and deep. Like many markets in East Asia, Taiwan consumers have long been familiar with grain-based alcoholic drinks - both fermented and distilled. Although the United States (especially California) is recognized as one of the world's top wine producing areas and has been well accepted in Taiwan in the past few years, it is facing increased competition from both old and new world wines. The low pricing strategy in recent years from the hypermarkets has exacerbated the competition and lots of cheap entry level wines from Chile and France have flooded the wine markets in both the foodservice and retail sectors. In spite of the decreasing volume of U.S. wine exports to Taiwan in the past two years, the total value of imported U.S. wine is gradually increasing.

The UK captures the mass of the whiskey market for the possession of its distinguished name - the home of single malt whiskey. Consumers pay significantly more per unit for UK-origin whiskey than for similar products from Japan and the United States.

Opportunities

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The market for wine and spirits is significantly more mature in terms of both importer and consumer sophistication. Increasing consumer sophistication with regard to labels, production regions/countries and quality has fed back to importers who have focused increasingly on building brands and adding depth to category offerings. From a unit-price perspective, Taiwan wine importers pay US\$1.4 more per liter for U.S. wine than six years ago. Industry sources estimate the volume of cheap entry wine will fall off in the first half of 2008 and more consumers will upgrade themselves to taste more sophisticated wine, after initial training on entry-level wines.

Resources

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Wine and Spirits Market Update (TW7027)

<http://www.fas.usda.gov/gainfiles/200706/146291374.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

2. U.S. Food Taiwan website:

<http://www.usfoodtaiwan.org/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office

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